

**TOWN OF TUPELO
COAL COUNTY, OKLAHOMA**

**INDEPENDENT ACCOUNTANT'S REPORT
AGREED UPON PROCEDURES
ON
COMPILED FINANCIAL STATEMENTS**

FISCAL YEAR ENDED

JUNE 30, 2014

**WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT
WATONGA, OKLAHOMA**

**TOWN OF TUPELO
COAL COUNTY, OKLAHOMA
TOWN COUNCIL AND OFFICERS**

Augie Jaye Harkins
Nellie Hunter, resigned as of July 30, 2013
John Fowler, appointed to seat vacated by N. Hunter
Joe Batchelor

Mayor
Councilperson
Councilperson
Councilperson

Kallie D'Aguanno

Town Clerk/Treasurer

WILLIAM K. GAUER

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES THAT INCLUDES AN ACCOUNTANT'S COMPILATION REPORT ON ACCOMPANYING FINANCIAL STATEMENTS COMPILED BY THE ACCOUNTANT

Independent Accountant's Report

To the Specified Users of the Report:

Town Board, Town of Tupelo
Tupelo, Oklahoma

Trustees of the Tupelo Public Works Authority
Tupelo, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

I have compiled the accompanying Summary of Changes in Fund Balance-Cash Basis of the Town of Tupelo and Public Trusts, Example, Oklahoma as of June 30, 2014 and the related Budgetary Comparison Schedule of General Fund-Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Public Works Authority-Cash Basis, and Schedule of Grant Activity-Cash Basis for the fiscal year ended June 30, 2014. The financial statements have been prepared in a format and basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. I have not audited or reviewed the financial statements referred to above, and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the cash basis described above.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and the requirements of Oklahoma Statutes and for designing, implementing, and maintain internal controls relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide an assurance that there are no material modifications that should be made to the financial statements.

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES THAT INCLUDES AN ACCOUNTANT'S COMPILATION REPORT ON
ACCOMPANYING FINANCIAL STATEMENTS COMPILED BY THE ACCOUNTANT**

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Town of Tupelo and Public Trust

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Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, I have performed the procedures enumerated below which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma solely to assist the Town and Public Works Authority in meeting its financial accountability requirements as prescribed by Oklahoma Statutes §1117 (105-107) and §60-180.1-.3 and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2012. Management of the Town of Tupelo is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

As to the **Town of Tupelo** as of and for the fiscal year ended June 30, 2012:

1. Procedures Performed: From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit A) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: None

2. Procedures Performed: From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds listing separately each federal fund (see accompanying Exhibit B) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings:

- a. Town needs to segregate intergovernmental receipts for alcoholic beverage tax and motor vehicle tax in recording funds received from the county. This includes identifying and recording franchise tax receipts.
- b. Town needs to separate records for departments. General Government and Police or Public Safety.

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Town of Tupelo and Public Trust

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3. **Procedures Performed:** We agreed the Town's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant unusual instances of reconciling items that have not cleared.

Findings: None

4. **Procedures Performed:** We compared the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: None

5. **Procedures Performed:** We compared use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: None

6. **Procedures Performed:** We compared the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: The Town needs to setup its books to identify expenses specific to budgetary items. ie.) Police salary and related expense to expenses of the police department. This would apply to salaries paid to the Clerk and miscellaneous employees.

7. **Procedures Performed:** We compared the Town's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: None

As to the **Tupelo Public Works Authority**, as of and for the fiscal year ended June 30, 2014:

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (see accompanying Exhibit C) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: None

2. **Procedures Performed:** We agreed the Authority's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
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Findings: None

3. Procedures Performed: We compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: None

4. Procedures Performed: We compared the Authority's use of material restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: None

5. Procedures Performed: We compared the accounting for the Authority's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: None

6. Procedures Performed: We compared the Authority's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings:

As to the **Town of Tupelo and Public Works Grant Programs**, as of and for the fiscal year ended June 30, 2014:

1. Procedures Performed: From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying ExhibitD) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: None

I was not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.


December 5, 2014

Exhibit A
Town of Tupelo
And

Tupelo Public Works Authority
Summary of Changes in Fund Balances-Budgetary Basis
For the Fiscal Year Ended June 30, 2014

| | Beginning of Year | Current Year | Current Year | End of Year |
|---|----------------------|-----------------|-----------------|----------------|
| | Fund Balances | Revenue | Expenditures | Fund Balances |
| TOWN: | | | | |
| General Fund: | | | | |
| Operating Account | \$ 7,848 | \$ 120,612 | \$ 118,394 | \$ 10,066 |
| Police Department Fund: | | | | |
| Police Department Fines | 6,224 | 92,595 | 93,017 | 5,802 |
| Municipal Court - Penalty Assessment Fees | - | - | - | - |
| Municipal Court - AFIS and Forensic Fees | - | - | - | - |
| Total Police Fund | <u>6,224</u> | <u>92,595</u> | <u>93,017</u> | <u>5,802</u> |
| Senior Citizens Community Center | 6,730 | 7,245 | 6,537 | 7,438 |
| Total General Fund | 20,801 | 220,452 | 217,948 | 23,305 |
| Street & Alley Fund | 723 | 2,556 | 1,598 | 1,681 |
| Home Grant Fund | 135 | - | - | 135 |
| Town Subtotal | 21,659 | 223,008 | 219,546 | 25,121 |

PUBLIC WORKS AUTHORITY:

| | | | | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| PWA Revenue Fund | 1,310 | 159,906 | 159,471 | 1,745 |
| PWA Emergency Fund | 974 | 109 | 1,075 | 7 |
| PWA Change Fund | - | - | - | - |
| PWA Meter Fund | 6,772 | 5,975 | 5,839 | 6,908 |
| PWA Meter Fund-Due to Depositors | (6,772) | 5,975 | 5,839 | (6,908) |
| PWA Capital Asset Fund | | | | |
| Land | 2,011 | - | - | 2,011 |
| Depreciable Capital Assets, net | 143,044 | - | 14,138 | 128,906 |
| PWA Long-Term Debt | | | | |
| First American Bank (\$34,522) | (12,708) | 10,111 | 479 | (3,076) |
| First American Bank | - | - | 14,990 | (14,990) |
| GMAC Note #1 (Berkadia: \$126,800@5%) | (5,254) | 5,554 | 300 | - |
| GMAC Note #1 (Berkadia: \$20,400@5%) | (2,059) | 1,212 | 78 | (925) |
| PWA Subtotal | 127,318 | 188,842 | 202,210 | 113,678 |
| Overall Totals | \$ 148,977 | \$ 411,849 | \$ 421,756 | \$ 138,799 |

Exhibit B
Town of Tupelo
Budgetary Comparison Schedule General Fund-Budgetary Basis
For the Fiscal Year Ended June 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|--|-------------------------|--------------|----------------|----------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| | | | | <u>Positive (Negative)</u> |
| Beginning Budgetary Fund Balance: | \$ 4,500 | \$ 4,500 | \$ 7,848 | \$ 3,348 |
| Resources (Inflows): | | | | |
| Taxes: | | | | |
| Sales Tax | 25,000 | 25,000 | 22,969 | (2,031) |
| Franchise Tax | - | - | - | - |
| Tobacco Tax | 300 | 300 | 256 | (44) |
| Total Taxes | 25,300 | 25,300 | 23,226 | (2,074) |
| Intergovernmental: | | | | |
| Motor Vehicle Tax - Street & Alley | - | - | - | - |
| Alcoholic Beverage Tax | - | - | - | - |
| Gas Excise Tax - Street & Alley | 300 | 300 | - | (300) |
| Grant Revenue | - | - | - | - |
| Total Intergovernmental | 300 | 300 | - | (300) |
| Investment Income | 40 | 40 | 55 | 15 |
| Miscellaneous Income | | | | |
| Other receipts | 30,000 | 30,000 | 28,056 | (1,944) |
| Police Fines | 92,000 | 92,000 | 69,275 | (22,725) |
| Vending | - | - | - | - |
| Other Financing Sources: | | | | |
| Transfer from Other Funds | - | - | - | - |
| Total Resources | 147,640 | 147,640 | 120,612 | (27,028) |
| Amounts Available for Appropriation | 152,140 | 152,140 | 128,460 | (23,680) |
| Charges to Appropriations (Outflows): | | | | |
| Town/Clerk Budget | | | | |
| Personnel Services | 20,000 | 20,000 | 63,021 | 43,021 |
| Maintenance and Operations | 39,600 | 39,600 | 53,173 | 13,573 |
| Capital Outlay | - | - | - | - |
| Town/Police Budget | 59,600 | 59,600 | 116,194 | 56,594 |
| Personnel Services | 47,000 | 47,000 | - | (47,000) |
| Maintenance and Operations | 45,500 | 45,500 | - | (45,500) |
| Capital Outlay | - | - | - | - |
| Other Financing Uses: | 92,500 | 92,500 | - | (92,500) |
| Transfers to other funds | 40 | 40 | 2,200 | 2,160 |
| Total Charges to Appropriations | 152,140 | 152,140 | 118,394 | (33,746) |
| Ending Budgetary Fund Balance | \$ - | \$ - | \$ 10,066 | \$ 10,066 |

See Accompanying Accountant's Report

Exhibit C
Tupelo Public Works Authority
Statement of Revenues, Expenses and Changes in Fund Balance-Modified Cash Basis
For the Fiscal Year Ended June 30, 2014

| | |
|---|--------------------------|
| Operating Revenues: | |
| Charges for Services: | \$ 152,854 |
| Water and Trash Receipts | - |
| Penalties and Charges | - |
| Total Operating Revenues | <u>152,854</u> |
| Operating Expenses: | |
| Salaries and other personnel costs | 35,242 |
| Contract Trash Collections | 22,761 |
| Water Purchases | 74,156 |
| Utilities & Telephone | 4,145 |
| Repairs and Maintenance | 5,747 |
| Supplies and Parts | 2,514 |
| Bank Fees | 12 |
| Lease expense | 1,219 |
| Returned Checks | 516 |
| Professional Fees | 1,500 |
| Insurance | 100 |
| Miscellaneous | 3,637 |
| Depreciation | 14,138 |
| Total Operating Expenses: | <u>165,688</u> |
| Operating Income | (12,833) |
| Non-Operating Revenue (Expenses): | |
| Investment Income | 51 |
| Interest Expense | (857) |
| Miscellaneous-REAP Grant | - |
| Total Non-Operating Revenues (Expenses) | <u>(806)</u> |
| Net Income (Loss) Before Contributions and Transfers | (13,640) |
| Capital Contributions | |
| Transfers In | - |
| Transfers Out | - |
| Change in Fund Balance | (13,640) |
| Fund Balance - Beginning | 127,318 |
| Fund Balance - Ending | <u><u>\$ 113,678</u></u> |

EXHIBIT D
Town of Tupelo
Coal County, Oklahoma
Schedule of Grant Activity
For Year Ended June 30, 2014

| TOWN: | Grant Award | Receipts | Disbursements | Remainder |
|--------------------------------|-----------------|-----------------|-----------------|-------------|
| Senior Citizens Center | | | | |
| SFY 2014 CENA | \$ 3,000 | \$ 3,000 | \$ 3,000 | \$ - |
| Town Subtotal | <u>3,000</u> | <u>3,000</u> | <u>3,000</u> | <u>-</u> |
| PUBLIC WORKS AUTHORITY: | | | | |
| | - | - | - | - |
| PWA Subtotal | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Overall Totals | <u>\$ 3,000</u> | <u>\$ 3,000</u> | <u>\$ 3,000</u> | <u>\$ -</u> |